

GOP PROPOSAL TO PRIVATIZE SOCIAL SECURITY UNDERMINES FINANCIAL INDEPENDENCE FOR PEOPLE WITH DISABILITIES

The Republican privatization proposal hurts everyone, but is potentially disastrous for people with disabilities. This proposal will cut guaranteed Social Security benefits by more than 40 percent for both retirees and people with disabilities. Risky private accounts, which endanger retirement benefits for millions of Americans, won't make up the loss in benefits for people with disabilities, who have fewer working years to put money into their private accounts and will be hit especially hard. Social Security needs a solid source of funding, not a plan that makes the problem worse by draining trillions of dollars from the Trust Fund. Under the Republican proposal, Social Security does not get stronger – it gets weaker.

Almost eight million people with disabilities depend on Social Security. Social Security provides more than half the total income for 1 in 2 disability beneficiaries and their families; about 1 in every 5 rely on Social Security for nearly all of their income.

Republican proposal cuts benefits for all Social Security beneficiaries by almost 50 percent – including people with disabilities. Retirement and disability benefits are calculated using the same formula, so if future retirement benefits are cut, then disability benefits also would be reduced.

Republicans are using cuts in disability benefits to finance private accounts. The President's Social Security commission recommended cutting disability benefits to help pay for the cost of private accounts. Also, it barred access to the accounts prior to retirement age. This represents a double blow for disabled workers – reduced Social Security benefits, and no money from the accounts to cushion the loss. Social Security needs a solid source of funding, but the Republican plan will drain more than \$2 trillion from the Social Security Trust Fund in just the next 10 years.

Private accounts will not make up for the cut in benefits for people with disabilities. It will be difficult for retirees to make up the cut in benefits with their private accounts. For disabled beneficiaries, it will be virtually impossible. Republicans have recommended barring access to the accounts prior to retirement age. This means that if a worker who becomes disabled and is unable to work, they will be unable to benefit from their contributions to the individual account. In addition, because they do not have a full career during which to contribute to an account, their account balance would be very small, providing less income to live on.

Social Security's disability protection is vital for workers and their families. A twenty-year-old worker today has a 30 percent chance of becoming disabled before reaching retirement age. For a 27-year-old worker with a spouse and two children, for instance, Social Security provides the equivalent of a \$353,000 disability insurance policy. It pays benefits to family members as well as the worker, and is fully protected against inflation. This kind of protection is unavailable in the private sector.

Reductions in disability benefits would particularly harm workers of color. These reductions in disability benefits would disproportionately affect minority and lower-income workers, who suffer higher rates of career-ending disabilities. For example, in 2001, African-Americans comprised only 13 percent of the U.S. population, but accounted for 18 percent of Social Security disability beneficiaries.